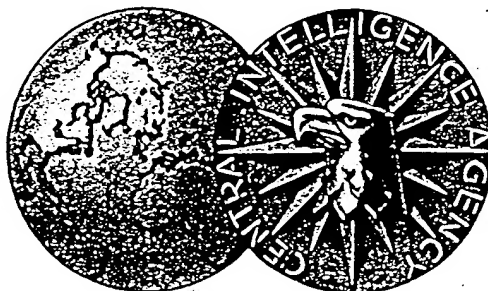


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CURRENT INTERNATIONAL POSITION OF SWEDEN



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CURRENT INTERNATIONAL POSITION OF SWEDEN

SUMMARY

The principal objective of Sweden's foreign policy is to keep the nation out of war. The conduct of Swedish foreign relations is based upon the proposition that if in times of peace the country avoids alliances with great powers, and makes no political or military commitments to them, but maintains its own military defenses in a good state of efficiency, then in times of war it will be allowed to remain unmolested. This policy of non-involvement is described as *neutrality*; it has been pursued with success for more than a century, and has become a cherished popular tradition. It is still stoutly defended by the Social Democratic Government, and enjoys the publicly avowed support of all the political parties; obviously, therefore, it still appeals powerfully to the general public. The public clings to neutrality, however, not with full and unreserved confidence, but with a good deal of uncertainty and doubt. These sentiments are fanned by a small but vocal minority, led by some of the Liberal Party press, which preaches that better security would be found in affiliation with the North Atlantic Treaty Organization. With this last view a number of high-ranking Swedish military men appear to agree.

The Swedish concept of neutrality is not identical with isolationism. Sweden joined the UN without hesitation; it is a member of the Council of Europe; it participates in the European Recovery Program, and is a member of OEEC; it has joined in UNISCAN, a regional economic grouping which combines the Scandinavian countries with Great Britain. These activities the Swedish Government chooses to consider as "neutral," and it has correctly fulfilled its obligations in them all. Yet some Swedes (and many others who are not Swedes) feel that such activities plainly align their

country with the Western nations against the USSR and its Satellites, especially since Sweden, as a member of UN, took a firm stand against the aggression in Korea. It has become increasingly clear, even to the Swedes themselves, that the reality of neutrality is difficult to maintain.

On the other hand, despite Sweden's obviously democratic orientation and its ancient hostility toward Russia, the Swedish Government carefully abstains from certain policies which it feels cannot be construed as neutral. It refused to sign the North Atlantic Treaty, although the membership of Norway and Denmark in NATO virtually ensures that any general European war will extend to Scandinavia. It has refused, and will doubtless continue to refuse, to join other Western nations in drawing up and enforcing any common program of restricting the export of strategic commodities to Eastern Europe. The Soviet orbit indeed offers a natural outlet for the exports of Sweden's prosperous and expanding economy. The countries of Eastern Europe are important trading partners, providing alternative sources of some goods formerly obtained from dollar areas. The Swedish Government maintains that as long as its trade with this region does not exceed "normal" volume it should not be subject to criticism by Western countries, and that any artificial diminution of such trade would certainly be taken by the USSR as an unneutral act.

Close cooperation with Norway and Denmark continues to be a significant factor in Swedish foreign policy, despite the cleavage caused by different decisions as to membership in NATO. In January 1949, Sweden's effort to persuade its neighbors to form a Scandinavian defense alliance based on neutrality

Note: The intelligence organizations of the Departments of State, Army, Navy, and the Air Force have concurred in this report. It contains information available to CIA as of 11 August 1950.

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finally failed. Norway and Denmark signed the North Atlantic Treaty, and since that time the Swedish Government has refused to allow coordination of its strategic planning with that of the other two nations, but permits a considerable degree of technical cooperation between military authorities on a working level. The government apparently feels that Denmark and Norway, which certainly wish Sweden to be strong, can facilitate Swedish efforts to purchase military equipment from the Western Powers. For this reason among many others, the Swedish Government will continue to maintain particularly friendly relations with its Scandinavian neighbors.

Current trends of Swedish opinion do not indicate that the nation will in the near future abandon "neutrality" and seek membership in the NATO. However, Soviet occupation of Finland would almost certainly cause the Swedish Government to reconsider its present policy, and the cumulative impact of other events comparable to the Korean conflict, more remote from Swedish territory if not more dangerous to Swedish security, may also eventually bring about a serious re-examination. It is possible, though doubtful, that Sweden, while abstaining from any concerted plan of restricting strategic exports to the Soviet or-

bit, will soon enforce unilaterally and of its own volition restrictions over certain types of strategic exports to *all* countries; by this device "neutrality" could be preserved.

Sweden's continued devotion to neutrality adversely affects but does not jeopardize the security of the US. Swedish participation in the North Atlantic Pact would strengthen Western solidarity by: (1) making Sweden's manpower and not inconsiderable defense establishment part of the Western defense system; (2) providing bases in close proximity to the USSR; (3) improving the morale of Denmark and Norway, which would feel more secure through the adherence of their more powerful neighbor; and (4) making available Sweden's industrial capacity. On the other hand, Sweden's continued pursuit of neutrality does not jeopardize US security because (1) Sweden will maintain a relatively high degree of military preparedness; (2) the range of bomber aircraft makes Sweden's position strategically less important; (3) Denmark and Norway feel assured that in any event Sweden will never fight against them; and (4) Sweden will not cooperate extensively with the USSR economically but will, within the boundaries of "neutrality," cooperate with the Western nations.

CURRENT INTERNATIONAL POSITION OF SWEDEN

1. Political Aspects of Sweden's Foreign Policy.

The primary objective of Sweden's foreign policy is to keep the nation out of war; and the conduct of its foreign relations is based upon the proposition that if in times of peace the country avoids alliances with great powers and makes no political or military commitments to them, then in times of war it will be allowed to remain unmolested. This policy, whether in war or in peace, is described as one of *neutrality*. Nevertheless, Sweden has joined the UN and though it has made various attempts to avoid involvement in power conflicts within that body, it has increasingly supported the position of the US. Though refusing to make any military contributions, it approved the UN resolution on Korea. Many Swedes have become fearful that their obligations as a member of the UN may conflict with their declared policy of no-alliance and non-involvement, and they therefore seek to keep clearly to the fore a distinction between the obligations attendant upon their membership in the UN and a policy which would involve affiliation with organizations such as NATO.

Although many Swedes suspect that the policy of neutrality actually offers little prospect for keeping their country out of a third world war, the majority of the population feels that it offers the best available means of avoiding Sweden's involvement in war. There are, however, indications of uncertainty and dissent, and the attitudes of three important groups deserve particular attention for a correct appraisal of Sweden's foreign policy and of the nature, extent, and distribution of doubts and convictions concerning its validity. These three groups are: the Social Democratic Government, the top-ranking military leaders, and the general public.

a. Attitude of the Government.

The failure of Sweden in January 1949 to induce Denmark and Norway to participate in a Scandinavian Defense Alliance based on neutrality, and the subsequent adherence of the

latter countries to the North Atlantic Treaty (NAT) materially altered the strategic position of Sweden by increasing the possibility that Scandinavia would become a scene of hostilities in a future war. Thus it reduced the prospects for Sweden's maintaining an effective neutrality. The Social Democratic Government has not, however, permitted these developments to influence its own devotion to an independent policy designed to preserve neutrality. Although government spokesmen admit that the NAT has strengthened Western Europe and has thus increased the probability of maintaining peace, they believe that Sweden's affiliation would not add appreciable strength to the association and would only jeopardize any chance of the country's remaining unscathed in a new war. Government spokesmen maintain that the Swedish people and their elected representatives (the *Riksdag*) support practically unanimously the official policy of abstention from the NAT. As proof they point to the position taken by leaders of the four democratic parties—the Social Democrats, the Liberals (People's Party), the Conservatives, and the Agrarians—during the *Riksdag* foreign affairs debate in March 1950, when all accepted the government's policy. Social Democratic leaders consequently attempt to dismiss any dissident elements as insignificant, uninfluential, and querulous.

Although the Social Democratic leaders constantly refer to the alleged unanimity of public opinion in favor of neutrality, the leading Social Democratic newspaper *Morgontidningen*, which is regarded as the semi-official organ of the government, feels obliged regularly to refute the arguments employed by certain Liberal newspapers which advocate affiliation with the North Atlantic Treaty Organization (NATO). This reflects a certain lack of confidence by the advocates of neutrality in the solidity of their own position. For example, the Prime Minister and the Defense Minister both publicly admitted in February 1949 that Sweden could not singly defend itself. Yet,

when the Supreme Commander of the Armed Forces, General Helge Jung, made a similar remark in November 1949, the pro-neutrality segment of the press became highly alarmed because the pro-NAT newspapers interpreted Jung's remarks as an announcement of his conviction that Sweden should become a member of NATO.

The Swedish Government still desires to purchase military equipment in the US and in the UK and to assure itself that military aid will be forthcoming in the event of a Soviet attack on Sweden. Consequently, government spokesmen frequently point to Sweden's cultural and ideological affinity with the democratic nations. Foreign Minister Unden, however, has asserted that Sweden has a "middle way" role to play between the competing ideologies of capitalism and Communism, in which political democracy can be combined with economic planning.

b. Attitude of the Swedish Military Leaders.

Many top-ranking military men, notably General Helge Jung, the present Supreme Commander, and General Bengt Nordenskjöld, Chief of the Air Force, favor membership in the North Atlantic Alliance. As professional soldiers they cannot publicly advocate a course conflicting with the official foreign policy, but their analyses of Sweden's strategic position permit no other interpretation of their true feelings. General Jung in his Lund speech of November 1949 not only stated that Sweden was incapable of defending itself against attack from a great power save by a delaying action, but also discussed the problem solely in terms of an attack from the East. The small but vociferous segment of the press favoring Sweden's adherence to NAT used his speech to buttress its arguments. On the other hand, the Social Democratic press feared that his speech might be misinterpreted abroad and therefore hastened to deny that it indicated any modification of Sweden's official policy. Yet the government has not officially made any effort to muzzle General Jung or any other military spokesmen, and indeed long tradition permits military men considerable freedom of public expression. It is also possible that the government believes Sweden's cause in Western councils will be pro-

noted by the pro-Western expressions of the military leaders.

c. Attitude of the Public.

Although the general public has been and still remains apathetic towards foreign affairs, uncertainty about Sweden's present policy is developing. Even the man in the street has become slightly more interested in Sweden's international position and is occasionally disturbed by the apparent lack of unanimity in military and political circles. The Swedes, who in February 1949 rejected the idea of signing the North Atlantic Treaty, still continue to discuss the subject and do not appear to be altogether convinced in their own minds as to the soundness of their decision. A Gallup poll in the summer of 1949 indicated that 33 percent of those queried supported the policy of neutrality, while 20 percent favored adherence to the North Atlantic Pact; but 47 percent, including 56 percent of the so-called "well-informed," were "undecided." This was a surprisingly large percentage of people to be uncertain as to what policy best serves Sweden's interests. A small but vocal minority, led by some of the Liberal press (chiefly *Dagens Nyheter*, Sweden's largest daily newspaper), continually fosters this uncertainty by casting doubt on the wisdom of Sweden's decision to remain neutral and by advocating Swedish membership in NATO.

In general, the discussion has not developed along party lines. Although there is considerable criticism of the government's views on neutrality, no political leader, whatever his personal convictions, has as yet dared to advocate publicly an outright change in Sweden's foreign policy. His opponents in the closely balanced political scene would charge him with espousing an adventurous policy imperilling Sweden's security. The Social Democrats take the role of champions of neutrality, and no leading Conservative or Liberal politician cares to challenge them openly on principle.

2. Economic Aspects of Sweden's Foreign Policy.

a. Cooperation in European Recovery.

Although its initial enthusiasm for the Marshall Plan was dampened by Soviet opposition,

Sweden nevertheless ratified the ECA agreement, carefully expressing its determination to avoid any political implications. With the growing realization that the objectives of the Plan might be achieved without prejudice to its "neutrality," Sweden became an active participant. It has received no ECA grants. During the first year of operations it accepted a small loan; in the second year it received only conditional aid (i.e., dollars as the counterpart of Swedish grants of kronor to other countries, chiefly Norway).

Indirectly, Sweden has benefited from the general recovery of Western Europe. A small trade deficit in 1949 was more than offset by invisible returns, and even the dollar account was so nearly balanced that Sweden's dollar holdings increased by an amount practically equivalent to its receipts of ECA conditional aid. The improved dollar position resulted primarily from a reduction in dollar imports; there was a noticeable shift to soft currency areas.

Sweden has been cooperative in OEEC programs. It has carried out US recommendations in the joint effort of the OEEC countries to liberalize trade by progressively removing quota restrictions on imports. With the coming into operation of a European Payments Union, Sweden will be willing to extend its free list yet further. On the broader question of European economic integration, Sweden takes a cautious stand, prompted to some extent by a desire not to become entangled with some of the more unstable economies of the continent.

After it was decided that the organization of a Scandinavian customs union presented currently insurmountable difficulties, Sweden joined the UK, Denmark, and Norway on 30 January 1950 in a regional economic group known as UNISCAN. Although the agreement did little more than formalize current payments arrangements, Sweden hopes that it will eventually lead to greater economic cooperation between the countries. The agreement is further evidence of a desire to cooperate with other countries of similar Nordic traditions.

b. Trade with Eastern Europe.

Sweden's postwar trade with Eastern Europe has been significant, not only because of commitments made in annual trade agreements and in credit agreements immediately after the war, but also because it became necessary to transfer purchases of dollar commodities to that market. Moreover, the Eastern European countries provided a natural outlet for the export goods of Sweden's expanding economy. Sweden extended a one billion kronor (approximately \$278 million) five-year credit to the USSR in 1946 and also extended credits to other Satellite countries. In 1948 and 1949, the value of exports to Eastern Europe, excluding Finland and Yugoslavia, amounted respectively to 87 and 79 million dollars: 7.9 percent of total exports in 1948 and 7.7 percent in 1949. Thus, while Sweden is cooperating with the Western democracies in economic matters and prefers to trade with the West, balance-of-payments difficulties and an internal recovery program calling for increased production in the engineering industries have led to substantial trade with Eastern Europe.

Exports to the USSR under the credit agreement, at a time when capital goods are needed domestically or could be used to earn foreign exchange, are now generally considered burdensome. The Social Democratic Government attempts to minimize the ill effects of the agreement, but unlike the Conservative and Liberal opposition it believes that Sweden should not appeal for re-negotiation of the agreement or take unilateral action to reduce the maximum amount of credit which can be extended. By the end of 1949, the Soviets had placed orders amounting to 404 million kronor; actual deliveries amounted to 110 million. It is estimated that by the time the agreement expires in 1951 the USSR will have utilized approximately 550 million kronor of the credit.

In the export of strategic commodities to the Soviet orbit, the government has declared its view that so long as trade does not exceed "normal" volume Sweden should not be subject to criticism from the West, and moreover that trade with Eastern Europe cannot be reduced because this would be construed as unneutral by the East. Without detriment to

its economy, Sweden could eliminate 1-A items from its trade with Eastern Europe since they are small in proportion to total exports to Eastern Europe. However, the ability to supply such items as machinery, ball bearings, transportation equipment, and certain metals that generally are on the 1-B list, plus iron ore and special steel, is an important bargaining factor in obtaining from the USSR and its Satellites such imports as coal, grain, non-ferrous metals, and other commodities of considerable economic value. Despite representations by the Western Powers, Sweden has continued to export bearings to Eastern Europe somewhat in excess of prewar quantities. Thus, in 1947 and 1948, exports to the Soviet orbit, including Finland, amounted respectively to 2,749 and 2,599 metric tons while the annual average from 1936 through 1939 was 2,046 metric tons. The export of 1-B items in 1948 and 1949 is estimated not to exceed 35 percent of Sweden's total exports to Eastern Europe and to be approximately 3 percent of total exports to all destinations.

In view of Sweden's attitude on neutrality and the importance it attaches to its trade with Eastern Europe, there is only a remote possibility that Sweden will join with other Western countries in parallel action controlling the export of strategic materials. However, it may control exports unilaterally and independently. The government has recently issued a decree making it possible to expand its list of restricted exports so as to cover a large number of 1-A items, and the representations of the Western Powers may yet prevail upon the government actually to do so. Swedish neutrality would be unaffected because prohibitions would apply against the export of listed items to all countries, not merely to those of the Soviet orbit. It remains to be seen, however, whether the Swedish Government will in fact take steps to implement its decree.

3. Scandinavian Cooperation.

Despite divergent attitudes toward the North Atlantic Treaty between Sweden on the one hand and Denmark and Norway on the other, cooperation with the two neighboring Scandinavian countries continues to be a sig-

nificant factor in Swedish foreign policy. Close ties of language, culture, and social development with Social Democratic Governments in all three countries provide a broad basis for this cooperation. In the postwar period, Scandinavian cooperation in non-military fields has reached a high level, both formally on a governmental plane and informally between large segments of the people. Trade union leaders meet frequently to discuss matters of common interest such as combating Communism within their organizations. The Foreign Ministers, sometimes with the Prime Ministers, also meet to discuss problems of mutual interest and to develop a common position to be adopted on various issues before the UN and other international bodies. The Commerce and Social Ministers, as well as specialists such as are on the Joint Committee for Economic Cooperation, have facilitated practical cooperation in the economic and social fields on such subjects as employment service, old age pensions, and tariff nomenclature. In the cultural field, a commission of competent authorities has furthered unspectacular but significant cooperation among schools, scholars, and universities.

Historical traditions and, especially among Norwegians, a latent sensitiveness to Sweden's dominant economic and political position, have acted as deterrents to even closer association. Lengthy attempts to form a Nordic Customs Union have produced nothing more tangible than the usual declarations that the Scandinavian governments favor increased economic cooperation among the nations of the North and a recommendation that discussions continue on such matters as customs nomenclature and the effect such a union would have on certain industries in the three countries. Moreover, with Denmark and Norway in NATO and Sweden's continued adherence to a policy of neutrality, divergent foreign policies appear to have adversely affected Scandinavian economic and political cooperation in some instances.

The Swedish Government and many of its people were greatly disappointed at the failure of the Nordic Defense Alliance negotiations in January 1949 and of the Customs Union negotiations. But the government has since pub-

licly declared its disapproval of Scandinavian military cooperation on the grounds that it will inevitably commit Sweden to membership in the NATO. Nevertheless, despite this declaration, the Swedish Government permits technical cooperation, which now exists between military authorities on a working level, to continue. Moreover, the government, with the support of many of its military leaders, apparently believes that Denmark and Norway can present Sweden's case in Western defense councils and can facilitate Sweden's efforts to purchase arms from the Western Powers. For this among other reasons the Swedish Government will continue to maintain close relations with its Scandinavian neighbors except in military affairs.

4. Prospects for a Change in Sweden's Policy.

Sweden will not voluntarily join the "People's Democracies" allied with the USSR and the only possible change of any consequence in its foreign policy would be towards membership in the NATO. A drastic international development vitally affecting Sweden's immediate security might induce Sweden to seek closer ties with the Western democracies. An occupation of Finland by the USSR would seriously alarm the Swedes, and the government has indicated that in this event it would review its position. Not only the usual proponents of a Western alliance, but the non-labor press in general, including its isolationist-pacifist elements, have suggested that such a development would push Sweden westward. On the other hand, the convinced defenders of neutrality might then maintain that Sweden should be all the more circumspect in its behavior.

It is more likely that any changes in Swedish policy will be caused by the gradually accumulating effect of lesser pressures and events (such as the Korean episode) in producing a feeling that isolation is more dangerous than NAT commitments would be. Such a feeling, fanned by the segment of public opinion in favor of a Western alliance, and coupled with a realistic appraisal of what Soviet occupation would mean, may eventually force a review of the situation. Yet, until some political party undertakes to defy the ingrained

neutrality mindedness of the greater part of the Swedish people, and openly and frankly advocates a change in foreign policy, it cannot be said that the feeling has made any substantial headway. No party has done so; consequently no significant change in Sweden's foreign policy can be expected in the near future. The Social Democrats, whose devotion to neutrality is apparently unshakable, control the *Riksdag*. Although they may perhaps lose their over-all majority by 1952 as a result of changes in the Upper Chamber, non-labor gains will not necessarily imply greater strength for the elements in the *Riksdag* in favor of a Western alliance. In any event, the Social Democratic Government would in this matter receive the support of the Communists and the Agrarians. Moreover, while any serious disagreement over foreign policy would inevitably divide the ranks of the four democratic parties (Conservatives, Liberals, Agrarians, and Social Democrats), the dominant well-disciplined Social Democrats would remain relatively intact and would undoubtedly secure support of certain elements from the other parties, particularly the Agrarian and Liberal, that would be more than sufficient to offset any possible defections in their own ranks. The prospect for a significant change in foreign policy is thus very slim.

Within the next two years, however, Sweden may have to make the painful decision to abandon either its political neutrality or its cooperation with Western Europe in "economic" matters. Transformation of the NATO into an association with more pronounced political and economic objectives, and the establishment of a closer relation between NATO and OEEC, would put Sweden in a dilemma. Continued participation in such an association would jeopardize political neutrality. Yet a withdrawal from the Western European economic organization would be very distasteful to the Swedes. It would further weaken ties uniting the Scandinavians and would diminish Sweden's confidence that in the event of a Soviet attack Sweden would receive aid from the West. Nevertheless, Sweden can be expected at first to cling to its neutrality and prefer isolation to affiliation with the NAT. Thereafter, the gradual accumulation of pressures,

and the predilection of the USSR to regard the Baltic Sea as a "*mare nostrum*," may combine to disillusion the Swedes as to the value of neutrality as a safeguard and force them, despite misgivings and apprehensions, definitely to join the Western concert of powers.

Meanwhile, the Swedish Government will continue its efforts to procure military equipment from the US and the UK on a commercial basis without being required to enter a formal military alliance. With this objective in mind, the government hopes that the US, influenced by Danish and Norwegian desires to see a militarily strong Sweden, will be convinced that over-all Western security interests are promoted by the existence of a Sweden well enough armed to assure a vigorous defense of Scandinavia.

The Swedish Government will also continue to cooperate economically with the Western nations but will not follow what it considers an "unneutral" course in trade relations with the countries of Eastern Europe. It is not to be expected, however, that Sweden will publicly adopt a more definitive Western orientation than at present in such delicate matters as East-West trade controls.

5. Effect on US Security.

Swedish signature of the North Atlantic Treaty would strengthen Western solidarity and would present a more united front to the Soviet Union:

a. Militarily.

Sweden possesses the world's fourth strongest air force, which, although weak in modern bomber types, includes an increasingly greater jet fighter strength. Its navy ranks sixth with an efficient underwater service, consisting of twenty-four submarines and three additional authorized. The merchant marine is the eighth largest in the world. Sweden's army is second-rate by US standards, but the country's population of seven million, equal to that of Norway and Denmark combined, provides extensive manpower. The army's weakest points are its lack of large-unit training, combat-trained leaders, and modern equipment, but it is estimated that it could mobilize 600,000 men, all of whom have had at least conscript training. Participation in the NATO

would lead to close military and mutual defense cooperation between the Scandinavian countries which is now impossible.

b. Strategically.

In time of war Sweden's geographical location would provide closer bases for bombing many Soviet industrial and military installations as well as submarine and guided missile establishments along the Baltic. Also, Sweden could provide fighter bases and an air raid warning net further east than is presently possible.

c. Psychologically.

Sweden's membership in the NATO would give Denmark and Norway a much greater feeling of security and would encourage the Danes in particular to contribute more enthusiastically to the Mutual Defense Assistance Program not only because of Scandinavian collective action, but also from the feeling that their frontier was extended further eastward. Furthermore, Swedish military forces and facilities would be available immediately in the event of East-West conflict, rather than after the USSR had launched an attack on Swedish territory.

d. Economically.

Sweden has an industrial capacity which could be more fully utilized for the benefit of NAT countries, and there would undoubtedly be fuller cooperation in control of the export of 1-A and 1-B items.

At the present time, Sweden will not voluntarily sign the NAT, which raises the question of how important its abstention is to US security. The contributions which Sweden could make as an ally cannot be casually dismissed. On the other hand, the over-all security of the US is not jeopardized by Sweden's neutral and alliance-free foreign policy because:

a. Militarily.

Sweden will continue to maintain its armed forces and military installations at about their present level, with relatively large defense appropriations and the purchase of equipment from the UK and the US whenever possible. Sweden will fight if attacked by the USSR, which will force the Soviets to commit a cer-

tain number of divisions, planes, and naval units which could otherwise be used in other theaters of operations.

b. Strategically.

Sweden's location is of secondary importance in the light of present-day bomber operating ranges.

c. Psychologically.

The Danes and Norwegians know that Sweden will never fight against them, and that if war comes a neutral Sweden would provide

the same kind of covert assistance as was rendered during World War II.

d. Economically.

Sweden will continue to participate in many programs for Western European economic rehabilitation and may even be persuaded to cooperate more fully on matters of East-West trade and restrictions on the export of strategic materials, provided there is no implication that Sweden is deviating from its proclaimed policy of neutrality.

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